FBR
PAKISTAN

Invitation for Licence (IFL)

for IT-based solution for Electronic Monitoring (Track and Trace System) of specified products (i.e. Cement, Sugar & Fertilizer)

- The Federal Board of Revenue of Government of Pakistan is seeking applications for the grant of five-year license to track and trace system for Cement, Sugar and Fertilizer in Pakistan;

- The licensee will be responsible for end-to-end installation and operation of a track and trace system connecting specified goods manufacturing sites and import stations to the FBR. The track and trace system would include the provision of tax stamps and integrated codes to enable real-time electronic monitoring of the specified goods;

- IFL process shall be governed by Licensing Rules, 2019 (as amended) read with Pakistan Public Procurement Regulatory (PPRA) Rules, 2004 which will be followed in letter and spirit;

- Invitation for Licensing (IFL)/document can be collected from the undersigned between 0900 hrs to 1600 hrs on any working day through written application. However, the same can be downloaded from FBR's website (i.e. www.fbr.gov.pk);

- Sealed applications must be delivered within 30 days of the publication of this advertisement at the address given below. A Pre-licensing Conference shall be held at FBR-HQ, Islamabad on 15th of the publication of this IFL.

- The applications shall reach to the office of undersigned within thirty (30) days from issuance of this advertisement which shall be subsequently opened in the presence of applicants and Licensing Committee in FBR-HQ, Islamabad.

- The FBR reserves the right to accept or reject the applications as per PPRA Rules, 2004.

- This advertisement is also being placed on the PPRA website.

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INSTRUCTIONS FOR LICENCE (IFL)

TRACK AND TRACE SYSTEM FOR SPECIFIED GOODS
(CEMENT, SUGAR & FERTILIZER)

February, 2020

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INTRODUCTION

1.1 FBR like all other Tax authorities in the world aims at acquiring and implementing IT based tools and solutions in order to ensure enhanced revenue, improved monitoring and reliable revenue forecasting. Though Large Scale Manufacturing (LSM), being the major and comparatively documented sector of our economy, contributes a sizeable chunk of revenue yet the real tax potential of LSM segments like Cigarette, Cement, Sugar, Beverages etc is yet to be realized. Currently across the globe Track and Trace technology offers the most feasible, reliable and straightforward solution. With minimum human interface Track and Trace technology if implemented in a proper transparent manner it can;

a) Safeguard the interest of revenue by mapping and capturing unregistered segment;
b) Act as anti-tax fraud tool entailing visible increase in revenue and dis-incentivizing under declaration and;
c) Ensure level playing field to all in the aforesaid sectors.

1.2 In order to prevent leakage of revenue, under-reporting of production and sales of specified goods and to ensure proper payment of duties/taxes on the manufacture and sale of specified goods, the FBR is mandated to licence the implementation of a track and trace system; which is to be developed, operated and maintained by the licensee for specified goods manufactured in and imported into Pakistan. To this end, the FBR is inviting applications for grant of licence to be issued under the *Sales Tax Rules, 2006 (as amended Vide 250(I)/2019 dated 26.02.2019 and SRO. 918(I)/2019 dated 7th August, 2019)* for the development, maintenance and operation of track and trace system in accordance with the provisions of the rules and the instructions specified herein below.

1.3 The successful applicant in compliance with Licensing Rules, 2019 issued vide *SRO. 250(I)/2019 dated 26.02.2019as amended vide SRO. 918(I)/2019 dated 7th August, 2019*shall implement a track and trace system, including high security tax Stamps/Markers/Codes which includes unique, secure and non-removable identification markings (hereafter referred to as unique identification markings) combined with state-of-the-art electronic monitoring and tracking systems, for the purpose of protecting existing revenue and to facilitate the generation of further revenue streams through the effective reduction of the tax evasion through suppression of production and sales of specified goods in Pakistan.

GENERAL REQUIREMENTS FOR A TRACK AND TRACE SYSTEM FOR PAKISTAN

2.1 Interested parties making an application for grant of a Licence must ensure that the track and trace system they are offering is suitable for monitoring on real time basis of a minimum factory premises or production lines as detailed below of specified goods in Pakistan, as well as for six (06) or more designated import stations for these sectors.

Specified Goods/sectors	No. of factory premises	Production lines
Cement	25	52
Sugar	85	250
Fertilizer	14	48

2.2 The track and trace system established, maintained and operated must enable FBR to monitor production activities and to generate real-time information about volumes produced at the manufacturing sites, including verification data of collection of applicable taxes relating to specified goods produced.

2.3 The track and trace system must be able to provide FBR enforcement officials and delegated agencies with real-time information enabling them to monitor and control the movement of specified goods through the supply chain, including determination of the origin of the specified goods, as well as to determine their legal status.

2.4 The track and trace system to be developed and operated must enable FBR enforcement officials and delegated agencies in the field to use the data that can be readable /translatable for the purpose of licensing to enable automatic authentication of unique identification markings and capture traceability information securely in both offline and online modes. The solution must be capable of geo-mapping of the areas where monitoring will be carried out.

2.5 Foreign specified goods imported into Pakistan will have unique identification markings, applicable for Pakistan, already affixed or printed at the point of manufacture outside of country. Similarly, any specified goods produced in Pakistan for export shall be required to carry unique identification markings for intended destination markets. The licensee must guarantee to factor these requirements into the system to ensure readability for imported products and application for exported products as per Licensing Rules, 2019.

2.6 The applicant shall provide a comprehensive implementation plan along with their application which includes the expected delivery and implementation time for the track and trace system in line with the date of licence issue. It must include a complete work break down structure (WBS) and the details of the assets and their net book values including all hardware and software etc.

2.7 The licensee shall charge a fee from specified goods manufacturers and importers on the basis of fee per thousand tax stamps (Unique identification Markings) during the duration of the license.

KEY TECHNICAL REQUIREMENTS FOR A TRACK & TRACE SYSTEM FOR PAKISTAN

3.1 The track and trace system required to be developed and operated should feature unique identification markings affixed to or form part of all unit packets and any outside packaging of specified goods to enable among others, product authentication, volume verification, and the electronic monitoring of the specified goods in their supply chain.

3.2 The track and trace system must be able to digitally record the association between unique identification markings in serialized secure codes together with a high security physical tax stamps affixed to all unit packets and packages of specified goods. The system should capture data from the unique identification codes and the security stamp for secure transmission to databases accessible by authorities for the purpose of tax verification and product authentication.

3.3 The track and trace system should provide the following information:
(a) Date and location of manufacture;
(b) Manufacturing facility;
(c) Production description;
(d) Unit of measures along with weight of the product.

3.4 The unique identification markings should contain the following security features:
a) At least two overt security features visible with the naked eye.
b) At least two covert feature.
c) An optical variable security feature.
d) A special security feature that is readable by any latest mobile application.

3.5 The core material of the unique identification markings must be made of a non-removable anti-tampering substrate, so that the composition of the stamp reveals evidence of any attempt to tamper or stamp remove or crumbling of considerable portions of the stamp. The size of the stamp should be compatible with most label applicators in the market.

PROFILE OF THE APPLICANT

4. The FBR shall consider proposals of those applicants only who are not involved in any proved fiscal fraud related to corruption in operation of the past or current government contract or other contracts.

4.1 The FBR expects the applicant to be fully conversant with the provision and execution of large-scale unique identification markings programs with track and trace capabilities, having worked on multi-million quantity deliverables in various sectors. Specified goods category experience is not essential; however, it will be essential to demonstrate capacity to work with the high-speed production lines. The management team should have appropriate capacity to execute

and run the project, and should have significant experience in delivering hardware, software, products and services of a similar nature in the past; preferably in other countries.

4.2 The applicant should have a yearly turnover of above US$50 million in any of the last three years or financial worth of US$25 million. The applicant should demonstrate that the capacity of stamping and coding equipment is 1 Billion or more stamps and codes per annum and it has the ability to be scaled up further as per requirements of the industry and FBR.

4.3 The FBR shall consider proposals of those applicants who can demonstrate that that they are currently providing Track & Trace Solution, based on secure paper based stamps. The applicant must supply an official letter of reference demonstrating that they have delivered and deployed a similar program, confirming a minimum quantity of one (01) billion stamps and codes over per annum in any relevant product category such as tobacco, beverages, medicines, petroleum, cement, sugar and fertilizer etc.

4.4 The FBR shall consider proposals of those applicants who can demonstrate experience related to installation of production monitoring system on at least 50 production lines in the last 3 years

4.5 The licensee will need to interface effectively with the specified goods industry at the manufacturing site. Applicants will be required to provide a declaration and full disclosure, demonstrating that the applicant (including any JV/Consortium entities, local partners and key personnel) has no material conflicts of interest with the industry of specified goods. FBR may, in assessing applications and under any licence issued, require the licensee to provide information on request regarding its structure, affiliations, finances and activities to ensure that no such conflicts or links exist.

CONSORTIUM AND JOINT VENTURE

5.1 An applicant may submit an application either as a single entity or as a partner in a consortium. A consortium may have two or more partners, but an entity which is part of a consortium is not permitted to be part of more than one consortium and such entity cannot apply as a single applicant.

5.2 In the event that an interested party is a Joint Venture (JV) or Consortium, that interested party shall submit the following additional documents:

(a) A copy of the original JV agreement which must clearly specify the lead partner.
(b) If not covered under the JV agreement, documentation that outlines precisely the responsibility of each member of the JV/consortium.
(c) A list of assets (moveable and immoveable) in Pakistan of the JV/Consortium partner.
(d) At least one partner has Incorporation Certificate from SECP and registered with FBR since last three years.

RESPONSIBILITIES OF THE LICENSEE

6. The FBR shall consider proposals only from those applicants who can demonstrate that they are currently providing Track and Trace solutions based on secure paper based stamps.

6.1 The successful applicant will be issued a licence for a period of five (5) years to establish, maintain and operate a track and trace system in Pakistan in accordance with the Licensing Rules, 2019.

6.2 The licensee will be responsible for operationalizing the track and trace system within a time frame of nine (09) months of issuing of a licence. In case the licensee cannot operationalise the track and trace system within 09 months or is unable to operate the system during the term of the licence the unconditional bank guarantee amounting to PKR 100 Million (Rupees Hundred Million) submitted by the licensee shall be forfeited. In case of genuine hardships and the circumstances beyond the control of licensee, the Committee may consider the request for three (3) months extension in time frame. If the track and trace system is not operational within twelve (12) months of the issuance of license, the licence would be liable for cancelation in accordance with the provision of Licensing Rules, 2019.

The license shall be allowed for a phased operationalization of the Track & Trace System where each industry is turned on in series and not parallel. Activation of the first industry should be used to confirm that the Track & Trace System is operationalising as referred above.

6.3 The obligations with respect to development, maintenance and operating a track and trace system shall not be performed by or delegated by the licensee to any other party related to the sector of specified goods.

6.4 All assets (tangible/ intangible including applicators) and services that is required for the affixation of unique identification markings/stamps including installation, operation, and maintenance, will be the responsibility and at the cost of the licensee during the term of the licence. The assets installed by the licensee for the purpose of track and trace system shall belong to the licensee.

6.5 The licensee will be responsible for end-to-end installation and operation of the track and trace system. This includes ensuring that there is effective connectivity among FBR central control room, regional hubs, manufacturing site and designated import stations. The licensee must ensure that all equipment and infrastructure required for applying and activating stamps shall be integrated into manufacturing production lines without negatively affecting or disrupting established production processes.

6.6 The licensee will be responsible for safe and secure capture and real time transmission of data from manufacturing sites and import stations to FBR control rooms. In addition, the licensee

will ensure that the relevant monitoring data captured in the field by enforcement officials is transmitted in the manner that data can be readable/ translatable for the purpose of licensing without incurring any additional cost by the manufacturer. In both cases, the licensee will ensure that in case of network outages the data shall be securely stored for later synchronization with the FBR control rooms.

6.7 The licensee should provide a complete MIS system including analytical dashboard enabling FBR to access and evaluate the events, gaps and other deviations from the normal production process. The data should be displayed on a geographical map of Pakistan that will enable data analytics and effective reporting by FBR personnel.

6.8 Ownership of track and trace system data will vest with FBR on behalf of the Government of Pakistan. The licensee will have the right to access and use the system data solely for the authorized operation of the system. The licensee shall not disclose the data to third parties including affiliates and keep the data confidential. The track and trace system shall be developed in a manner that FBR at all times has control of the data collected by the licensee.

6.9 The licensee will be responsible for providing all maintenance and technical upgrades of the track and trace system. The licensee will also be responsible for the provision of technical support including rapid response and repair of any technical problem found in the system to ensure un-interrupted functioning of the system.

6.10 The licensee will be responsible for providing technical and operational training on using the system and data interpretation for FBR officers/official.

6.11 The FBR requires the licensee to observe the highest standards of ethics during the term of licence.

6.12 The Applicant shall ensure that technical specifications (hardware/software/connectivity) required for establishment of Central Control Room should be compatible with the existing infrastructure at FBR-HQ, Islamabad.

6.13 The licensee shall make sure that all goods used in relation to the licence are new, unused, and of the most recent or current models and that they incorporate all recent improvements in design and materials the warranty shall remain valid for the period of licence.

GOVERNING RULES FOR THE LICENSEE

7.1 The Rules governing the licensee are set out in the notification document issued by Government of Pakistan (Revenue Division) Federal Board of Revenue, Islamabad vide SRO. 250 (I)/2019 dated 26.02.2019as amended vide SRO. 918(I)/2019dated 7th August, 2019. The provisions of Sales Tax Act 1990, Federal Excise Act 2005, Rules and procedures under these acts

shall govern the relationship between the licensee and FBR. All potential applicants shall acquaint themselves with the rules and laws and provide solutions in accordance with the above stated laws.

7.2 If during the term of the licence, the licensee refuses to continue providing the services, the licensee will be liable for forfeiture of the bank guarantee. Another eligible applicant recommended by the licensing committee will be considered for the grant of license subject to approval by the Board.

7.3 In case of violation of terms of the Licensing Rules, 2019 and this document, the licensing committee shall propose the forfeiture of the bank guarantee and cancelation of license subject to approval of the Board.

CONFIDENTIALITY OF DATA &INFORMATION

8.1 The data and other information obtained directly or indirectly from the manufacturers, importers or otherwise including information transmitted through any means shall be the property of FBR and licensee shall not disclose this data and other information to any person without prior approval of FBR.

8.2 The licensee shall not disclose the data to third parties including any affiliates or related parties of the licensee and shall not sell or commercially exploit the data or use it for any other purposes. The licensee will be responsible for maintaining confidentiality of system data, mitigation of data breaches and will bear all associated costs. Confidentiality obligations will extend to licensee personnel and to any third parties or affiliates involved in the provision of the system or services, with the licensee retaining primary responsibility for any breach of confidentiality.

FURTHER INFORMATION

9.1 Interested parties that wish to submit an application for a licence to supply electronic monitoring, tracking and tracing of specified goods in Pakistan may contact the Track and Trace Project Director for further information:

Project Director (Track & Trace System),
FBR HQ, Constitution Avenue,
Islamabad, Pakistan
Email.pdtnt@fbr.gov.pk
Ph. +92 51 9204520 (office)

LIST OF ANNEXES

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ANNEX I: APPLICANT INFORMATION SHEET

1.	**Eligibility information of the Applicant**		
a.	Applicant legal title		
b.	Applicant Registered address		
c.	Applicant legal status		
d.	Proprietorship		
e.	Partnership		
f.	Limited Liability Company		
g.	Government Owned Enterprise		
h.	Others		
i.	Applicant's Year of Registration		
j.	Nationality of the individual or country of registration of Consortium		
	Year of Registration of each entity / partner of JV/Consortium		
k.	Applicant's authorized representative details.		
	Name		
	Address		
	Telephone/Fax Number/email		
l.	Litigation		
	If there is no history of litigation or no pending litigation, then state "NONE". If there is a history of litigation or number of awards against the Applicant provide details below.		
	A- History of Litigation during the last 5 years.		
	Year and Matter in dispute	Value of Award	As percentage of net worth

	B– Pending litigation		
	Matter in dispute	Value of Claim	As percentage of net worth
	Applicant to attach original declarations signed by their director/partners		
m.	Applicant to attach photocopies of the following original document	Articles of Incorporation or Registration of the legal entity named above.	
n.	The following two requirements are for National Applicant's only.		
o.	Applicant's National Tax Number (NTN)		
p.	Applicant's General Sales Tax Number (GST)		

A foreign Applicant shall provide evidence by means of a written declaration to demonstrate that it meets the above criteria.

2. Financial information of the Applicant.		
a.	Audited financial statements for the last three years with minimum average turnover of USD50, 000,000 (Fifty million). Last three years audited financial statements for each entity	
b.	Name, address, contact details of Banks that may provide references if contacted by FBR	
c.	Latest Income Tax returns.	

ADDITIONAL TECHNICAL REQUIREMENTS OF

THE TRACKING & TRACING SYSTEM

The Track and Trace system must provide for management of the workflow from the requirement or order of the manufacturer to the dispatch, reception and ultimately, application or affixation of Unique Identification Markings/Tax Stamps and their activation with following additional technical features:

1. There must be unique, secure and non-removable unique identification markings/tax stamps, such as codes and stamps, affixed to all unit packs.
2. The key feature is the combination of digital (the unique identification markings/tax stamps on a pack) and physical security elements (overt and covert) which make new tax stamps difficult to counterfeit.
3. The system must allow for manufacturing, product, customer, shipping and market information to be available, either directly or accessible through a secured URL, to assist FBR in determining the origin of excise products and monitoring their movement and legal status, as well as identifying eventual points of diversion;
4. The information recorded under the system must be accessible to the FBR through a standard electronic secured interface.
5. Tracking products from manufacture to the last economic operator before retail;
6. Supporting the concept of aggregation;
7. Storing data independently of the excise industry;
8. Ensuring a tamper-evident, non removable solution;
9. Ensuring covert elements were accessible by authorized persons;
10. Providing forensic evidence of security feature authentication.
11. Up-to-date technologies to prevent the fiscal marker from being duplicated illegally;

It must provide for the following areas: 1) Order processing, 2) Supply to manufacturers and importers, 3) Activation, 4) Data Management, and 5) Verification tools.

1. ORDER PROCESSING

The system must be capable of receiving orders for unique identification markings/tax stamps from manufacturers and from importers and processing them so that the system's production module can prepare accordingly to supply orders and maintain an inventory.

Requirement No.	Requirement/Description
1	There should be an efficient inventory management system to keep track of orders and supply shipments between manufacturers, importers, licensee and the FBR.
2	The system work flow must be capable of carrying out the task of scheduling and assigning orders.
3	The system shall be capable of generating alerts for orders and other inventory events (SMS and emails).
4	It should be a system-based orders management networked with the FBR central control room and available to relevant stake holders through a user-friendly interface.
5	Access to the system must be secure and under authentication and authorization procedures.

2. SUPPLIES TO MANUFACTURERS & IMPORTERS

After orders have been made, the system will manage the supply of unique identification markings/tax stamps from licensee to manufacturers and importers and update the records in the central database to reflect which batches of serialised unique identification markings/tax stamps have been successfully supplied to each manufacturer or importer that has placed an order.

Requirement No.	Requirement/Description
1	The system must be able to manage the shipment of orders to relevant purchasers and update data and change status in the database - from "ordered" to "shipped".
2	The system should be capable of verifying the shipment of orders and receipt by the manufacturers and importers, and to update status to, "accepted" so that the transaction is synchronised.

3. ACTIVATION

The activation procedures must have as little impact as possible on the existing workflow of the production lines. The reading of the identifier of the unique identification markings/tax stamps (or of the batch) will allow the association of the unique identification markings/tax stamps with the SKU onto which it is applied, the production line, plant, time-stamp and all other information required by the Rules for traceability purposes.

The unique identification markings/tax stamps affixed on product units must be "activated" to ensure that all necessary information identifying the brand, plant, level of tax and timestamp (date and time/hour, minute, second) of a given product unit are recorded in the central database.

Requirement No.	Requirement/Description
1	The system should present an automated methodology to activate each stamp by means of devices installed on each line with ability to scan each code.
2	The generated serial numbers should be attached to the unique identification markings/tax stamps and the system software should be able to activate unique identification markings/tax stamps as a consequence of the initial order; or at the time of production at the manufacturing site. After the tax stamps are activated, their status should be changed to "activated" and the central database updated accordingly.
3	The system must be able to keep track of the production line characteristics (based on statistics of past activations) and send warning signals to both monitoring staff at FBR headquarters and also FBR's controllers at the point of manufacture should the system malfunction, as well as provide the reason for the malfunction.
4	At given weekly (or monthly) periods, the system will generate on behalf of the FBR, official activation reports to be sent to the manufacturers and importers for accounting purposes.
5	The system should capture all auditing information and store it in the database so that the authorized system administrators are able to generate system audit reports and track particular actions along with the details information about the system username, date and time, location, etc.

4. DATA MANAGEMENT

The serialised tax stamps/markers/codes must be stored in a serial number generator system database.

Requirement No.	Requirement/Description
1	The unique identification markings/tax stamps should be generated and produced by the system using international standards. The system must be capable of logging all events from time of activation to verification and each subsequent reading should there be more than one.
2	The data and related information should be saved centrally in the control room and archived for five years from its generation and recording. The system recording should be capable to filter and process the production data for statistical, audit and analytical purposes.
3	The system should track all the auditing information and store it in the database so that the authorized system administrators be able to generate system audit reports and track down particular actions along with the detailed information about the system username, date and time, location, PC information, IP address etc.
4	Detailed specifications of all software, hardware and verification applications must be provided.
5	Data and messaging in the entire system from database to verification applications (should be provided in both English and Pakistani languages (Urdu) or provide the option for the user to choose.
6	The system must be able to reconcile any unique identification markings/tax stamps that are returned due to FBR due to damage or that are not used for any reason, such as damage to the pack they are attached to.
7	Any data recorded in the database must not be allowed to be modified or deleted by any person including within the FBR.
8	The recorded data must account for and alert for any unauthorised stoppages of production lines, including stoppages which cannot be reasonably excused by the relevant officers of the FBR.
9	The system must record information regarding spoiled, lost, unused, stolen and fake unique identification markings/tax stamps and any reconciliation.

5 VERIFICATION TOOLS – ONLINE & OFFLINE

A mobile application must be able to read the unique identification markings/tax stamps and perform the function of verification and allow the Board or field offices to monitor the production workflow and activities on a continuous basis. Once the product units are verified, the mobile application should be able to send its serial number to a central database management system and retrieve information held in the code on the activated stamp.

Requirement No.	Requirement/Description
1	The verification application must be functional on a mobile application and access to obtain the application must be protected by secure authentication and password.
2	The verification application must be able to operate online with provision of offline verification. Detailed specifications of the application and its communication capabilities must be provided.
3	Each mobile application must have three simultaneous and combined functions. 1) Check and guarantee the authenticity of the stamp/marker/code by authenticating at least one of the security features; 2) Read, and decode the unique identification markings/tax stamps in order to check that it has been generated by the T&T system. 3) Record the geographical position and the time of the intervention. All readings will be transferred in real-time to the central database unless it is offline and in this case the data will be stored locally in the mobile application, and will then be transferred to the central database without any human intervention as soon as the mobile application is connected to Internet.
4	The verification results should provide following minimum information: 1. SKU of the product (description/brand) 2. Production plant 3. Production line, machine number and shift 4. Production date and location 5. Machine used to manufacture the product 6. Tax levels 7. Any other information required by the board.
5	In the case of a malfunction in activation of using the application, a relevant message should be displayed to alert the user.

ANNEX 3: LOCAL PARTNER INFORMATION SHEET

	Local partner / Associates	***Proposed solution***	***(Criteria)/Compliance***
	Should the Applicant includes local companies as partners/associates ("Local Partner"), detailed documentation on the Local Partner must be submitted		
	In case the Applicant involves Local Partner(s), an RACI matrix must be submitted that explains the responsibility of each party		
	The Local Partner may preferably possess comprehensive management and technical knowledge in all aspects of planning, designing, development, customization, configuration and implementation of Stamp and Monitoring System in public/private sector;		
	The Local Partner may preferably possess experience in training and ability to transfer expertise, knowledge and skills		

ANNEX 4: APPLICANT COMPLIANCE SHEET

1.	*Project and Process management*	*Proposed solution*	*(Criteria)/Compliance*
1.a	PERSONALIZATION SYSTEM ASSESSMENT GRID		
1.b	The Applicant must propose a detailed schedule of the project by providing a detailed Gant chart. All detailed operations will be sorted into general tasks: supply schedule of labels, software development, factory acceptance tests, site acceptance tests, installation of main software at FBR and a complete roll out plan of the activation systems in the different specified goods manufacturer's premises.		(Must)/
1.c	The Applicant must exhibit at least 2(two) certificates from reputable labeling machine manufacturers showing that tests using proposed label material and size have been carried out, showing clearly the compliance of the label with their equipment.		(Must)/
1.d	The Applicant must propose a system for reporting and management with two main modules: • Control of activation on specified goods lines with the reporting by brand, production site, manufacturer, level of tax. The anomaly detection and reaction will be detailed, and procedures proposed to FBR to make this step in the process more reliable. • Management of the activity of controllers: automatically collect all the data from the control device when connected to a secure network in order to: Check the daily quantity, diversity of brands, level of taxes, but also places controlled. Reports will be generated automatically at supervision center and put to disposition of FBR Staff.		(Must)/

2.	*Capability and references.*	*Proposed solution*	*(Criteria)/Compliance*
2.a	The Applicant should demonstrate that the capacity of its own equipment for the production of stamps is above 1(One) billion stamps.		(Must)/
2.b	The Applicant must provide positive official letters of reference or certificates issued by the competent authorities showing that it has delivered and deployed similar Track and Trace systems for tobacco, soft drinks, medic		(Must)/
2.c	The proposed solution should ideally meet international standards: ISO 14298:2013 for high security printer certification or equivalent, as well as ISO 22382:2018 or equivalent.		(Must)/
3.	***Tax label***	***Proposed solution***	***(Criteria)/Compliance***
3.a	TAX LABEL INFORMATION SHEET		
3.b	Each Applicant will provide with the offer at least one specimen roll or stacks of a minimum 20,000 labels having all the requested/proposed material and security features.		(Must)
3.c	The FBR experts or the Technical Evaluation Committee/ Licensing Committee will check that all the features requested and described in the Licensing Rules are present and compliant to the IFL. Based on this compliance, the Applicant may be pre-selected for a demonstration, and should aim to show the feasibility of all the functionality of the system, either through live demos or video footage.		(Must)
3.d	This role will be examined by the Technical Evaluation Committee/ Licensing Committee and kept for a live demo which will be organized after technical application examination with a list of pre-selected Applicants. (This live demo will occur in the weeks after the opening of the technical applications. The selected Applicant will be invited within ten calendar days before the examination day. The live demo test protocol will be sent to the selected Applicant with the invitation for the demo).		(Must)

Compliance Sheet: Annex 4

1. The Compliance Sheet is required for stating the applicant's compliance/non-compliance on all clauses of the Applicant Document and must be completed.
2. The Applicant shall complete the Compliance Sheet (Annex 4) strictly in accordance with the instructions given below.
3. Instructions:

- A word such as "noted" is inadequate and shall be treated as non-compliance.
- Where a clause states: to be "complied" with, the Applicant may provide further reference details. In the event of any discrepancy between these details and the statement of compliance, the compliance statement shall be taken as correct and binding upon the Applicant and the details (including footnotes etc. specified by the Applicant in any other form or place shall be ignored.)
- Where a clause states: to be "not complied" with or "partially complied" with, the Applicant shall provide full details of the deviation from the specified requirements together with full details of any alternative arrangement offered.
- Simply signing of every page of the License documents will not serve the purpose of the compliance statement and shall be treated as non-compliance. A proper compliance sheet should be attached with the application.
- If a certain clause(s)/sub-clause(s) is missed or left unattended in a commercial compliance sheet such clause(s) or sub-clauses would be considered as non-compliant.
- Failure to provide commercial compliance shall be deemed as a sufficient cause for rejection of the application.

Annex 5

EVALUATION CRITERIA

1. PROCEDURE FOR GRANT OF LICENCE

1. Procedure for grant of license will be followed as per Rule 150ZM under S.R.O. 250(I)/2019, dated26th February 2019.

2. The Technical Committee shall evaluate the application on the basis of applicant's experience, capability, Features and Functionality.

3. During the technical evaluation no amendments to the technical requirements shall be permitted;

4. Applicants will have to make a live fully functional demonstration of the system and present a production specimen of their unique identification markers/stamps.

5. The demonstration will need to be undertaken at a place to be decided by the licensing committee.

6. Each envelop shall contain separately the financial proposal and the technical proposal. Technical proposals shall firstly be evaluated in accordance with the specified evaluation criteria. Any application for grant of licence found not technically compliant shall be rejected, and reasons of rejection shall be recorded.

7. PPRA rules shall be followed in letter and spirit. The Licensing committee will evaluate technical proposals. The applicant scoring 85 or more marks out of total 100 marks for technical and experience shall be considered as technically accepted applications.

8. Financial proposals of technically qualified applicant by the Licensing Committee shall be opened and lowest financial bid shall be recommended for issuance of license by the Board.

2. EVALUATION CRITERIA

The Licensee will be selected on the basis of following criteria:

ASSESSMENT CRITERIA	Marks
A. APPLICANT EXPERIENCE & CAPABILITY	40
B. FEATURES OF THE TRACK & TRACE SYSTEM	60
TOTAL	**100**

The total score will be the sum of the scores of 02 categories together. The breakdown of each category is as follows:

A. APPLICANT EXPERIENCE & CAPABILITY	**40**
1. Has the applicant successfully implemented a real-time track and trace system in any country before? a) If yes, In how many countries b) If yes, for how many years c) If yes, was the volume and capacity of the marking system at least one (01) billion stamps and codes per annum?	10
(1a) Has the applicant implemented a product monitoring system using high security physical stamps or digital secure codes in the government sector? a) If yes is the system is in use ? b) If yes, what is the volume and capacity of the system in terms of codes, stamps, banderoles labels ?	6
1(b) Has the applicant previously provided a product monitoring system in the non-government sector in any country? a) If yes, in how many countries? b) If yes what is the volume and capacity of the system?	4
2. Has the applicant experience in any country with the provision of high security government programs such as provision of high security stamps, ID documents etc.?	2

a) if yes, in how many countries?	
3. Has the applicant printed on secure paper or used secure ink in processing data on secure paper such as banderoles, holograms, labels etc. in any country? a) if yes, in how many countries and for how many years? b) The volume and capacity of the application?	3
4. Whether the applicant system/solution capable of managing integrated serialized tax stamp, codes and markers / unique identification markings.	4
5. Successful implementation: Has the applicant solution demonstrated year on year growth of Tax stamps/markers/codes.	5
6. Has the applicant provided a comprehensive Implementation plan outlining a six month roll out plan for the provision of the track and trace system from the date of issuance of license?	3
7. Does the applicant solution have the capacity of producing one (01) billion tax stamps and codes per annum?	3
8. Will the solution provide monitoring on a real time basis to a minimum of 100 factory premises/production lines and 6 import stations? Demonstrated through hardware infrastructure and references.	3
9. Has the applicant delivered systems with integrated databases of codes? (Reference letter referring databases of codes)	2
10. Has the applicant printed data on secure banderole/ stamps/labels/ with covert and overt security features directly onto products in any country? If yes in how many countries and for how many years?	3
11. Is the applicant capable of providing training to users interfacing with the track and trace system?	2

B. FEATURES OF THE TRACK & TRACE SYSTEM	[60]
1. Do the unique identification markings contain at the very least: (a) date and location of manufacture; (b) production line and manufacturing facility; (c) machine used to manufacture the specified goods products; (d) production shift or time of manufacture; (e) product description.	10
2. Can the system use mobile applications to enable reading of the codes and data?	5
3. Will the tax stamp contain at least two overt security feature visible with the naked eye?	4
4. Will the tax stamp contain at least two covert security feature?	4
5. Will the tax stamp contain additional overt and covert security feature?	4
6. Will any of the above special security features be readable by a mobile with the reading of the unique identification codes?	4
7. Can the system send alert message and trigger alarms (visible and audible) for stoppages of production or tampering with production machines?	4
8. Can the system switch between networks to ensure there are no interruptions or breaks to coverage?	4
9. Can the system filter and process production data for statistical and analytical purposes?	4
10. Can the system transmit real time data to the FBR data centers with capacity of temporary back up on site as a failover?	4
11. Will all electronic data interface (EDI) communication be encrypted?	3
12. Does the track and trace system include the following control functionalities? a) Advanced authentication of all the different profiles on the system (login and password)? b) Control activation in the manufacturing plants?	5
13. Does the system provide for adequate failover back up against power outages?	5

ANNEX 6

Price Schedule

(To be provided on company's letterhead)

Applicant Number:

PRICE (PKR) SCHEDULE FOR TAX STAMPS

1	2	3	4	
Item No	Description	Expected Quantity	UNIT PRICE	
			Price (Rs.)	Unit
1	Tax Stamp (Unique Identification Markings)	1.5 billion per year (As per Sales Tax Returns data)		Per 1000 Tax stamps (Unique Identification Markings)

Authorized Signature of Applicant_____

Seal of Applicant. _____

Note:

- All prices quoted will be in PKR and remain valid for a period 60 days.

GOVERNMENT OF PAKISTAN
(REVENUE DIVISION)
FEDERAL BOARD OF REVENUE
******

Islamabad, the 26th February, 2019.

NOTIFICATION
(SALES TAX AND FEDERAL EXCISE)

S.R.O. 250(I)/2019.-- In exercise of the powers conferred by sub-section (1) of section 4, section 40 and section 45A of the Federal Excise Act, 2005, section 219 of the Customs Act, 1969 (IV of 1969), section 50 of the Sales Tax Act, 1990, read with sub-section (2) of section 8, clause (b) of sub-section (1) of section 8, clause (ii) of sub-section (2) of section 8B, sections 9, 10, 14, 21, 21A and 28, clause (c) of sub-section (1) of section 22, first proviso to sub-section (1) of section 23, section 26, section 33, section 40C, sub-section (6) of section 47A, sections 48, 50A, 52, 52A and 66 thereof, the Federal Board of Revenue is pleased to direct that the following further amendments shall be made in the Sales Tax Rules, 2006, namely:–

In the aforesaid Rules, for Chapter XIV-B, the following shall be substituted, namely:–

"CHAPTER XIV-B

ELECTRONIC MONITORING, TRACKING AND TRACING OF SPECIFIED GOODS AND LICENSING THEREFOR

SUB-CHAPTER 1
PRELIMINARY

150ZF. Application.— The provisions of this Chapter shall apply to electronic monitoring, tracking and tracing of production, import and supply-chain of the following goods, on real time basis, hereinafter referred to as the specified goods, namely:-

(a) tobacco Products;

(b) beverages;

(c) sugar;

(d) fertilizer; and

(e) cement:

Provided that any or all of the said specified goods above shall be monitored, tracked and traced in the manner provided in this Chapter from the date to be specified by the Board, through a general order:

Provided further that the specified goods, if brought from non-tariff area as defined in the Federal Excise Act, 2005, shall be treated as imported goods for the purposes of this Chapter.

150ZG. Definitions.- In this Chapter, unless there is anything repugnant in the subject or context,-

(a) "applicant" means any company or consortium or joint venture which makes application for a license under these rules;

(b) "central control room" means a control room established by the Board at FBR House, Islamabad or any other control room specifically designated by the Board;

(c) "consortium" means an agreement or arrangement in which two or more firms or companies pool their financial and human resources to undertake the project;

(d) "licensing committee" means a committee comprising Commissioner (Zone-I), LTU, Islamabad, Commissioner (Zone-I) LTU Karachi, Commissioner Mardan Zone, RTO Peshawar, Director, Intelligence and Investigation-IR, Islamabad, Chief IR (Operations-I), FBR Headquarters, Islamabad, and any other officer or authority designated by the Board;

(e) "Project Director" means the Chief (IR-Operations-I), FBR or any other officer designated by the Board; and

(f) "regional control room" means a control room established by the Board in Regional Tax Office, Peshawar or any other control room designated by the Board.

150ZH. Goods to be affixed with tax stamps, banderoles, stickers, labels, barcodes, etc.– (1) On every package, including a tin, container or bottle, of the specified goods whether manufactured or imported shall be affixed or printed a tax stamp, banderole, sticker, label, barcode, etc., hereinafter referred to as tax stamp, in the manner prescribed under this Chapter:

Provided that in respect of such specified goods which are exempt or meant for export tax stamps shall not be required to be affixed thereon, but shall be clearly, legibly and indelibly marked as "Exempt Goods" or "For Export", as the case may be.

(2) Every tax stamp required to be affixed under these rules shall bear such security features as are approved by the Board in order to–

(a) prevent counterfeiting;
(b) enable accounting of production of the specified goods; and
(c) enable any person in the supply chain or an officer authorized by the Commissioner Inland Revenue to authenticate such tax stamp.

(3) The system for imported goods shall be installed in a designated area at the port of importation or a customs bonded warehouse, as the case may be, declared by the importer for this purpose, or any other place approved by the Project Director:

Provided that the Board may allow tax stamps to be affixed on any specified goods to be imported in a production facility in the exporting country, subject to such conditions as the Board may specify.

(4) No person engaged in manufacturing, sale or purchase or handling of specified goods shall remove or tamper with the tax stamp affixed thereon until these are sold to the final consumer.

SUB-CHAPTER 2
LICENSING

150ZI. Licensing of companies for electronic monitoring, tracking and tracing of specified goods.- (1) No company shall carry out electronic monitoring, tracking or tracing of specified goods unless it has obtained a licence under these rules.

(2) No licensee under these rules shall establish, maintain or operate any other system or provide any other service which is not authorized under the licence.

150ZJ. Functioning of Licensing Committee.- (1) The licensing committee shall function in accordance with the provisions of these rules.

(2) Project Director, Track and Trace System, shall be the convener of the licensing committee and its headquarters shall be located at FBR House, Islamabad. The Board shall provide secretarial and other allied support required for functioning of the licensing committee.

(3) The licensing committee shall devise procedures for its functioning, which shall be in accordance with these rules.

150ZK. Application for grant of a licence.- (1) An application to carry out tracking, tracing and electronic monitoring of specified goods mentioned in these rules shall be made in duplicate to the Board.

(2) No application under sub-rule (1) shall be considered unless it is accompanied by all the supportive and relevant documents including the following, namely:-

(a) a comprehensive profile of the company or partners or members in consortium;
(b) brief about managerial and technical personnel indicating name, position, qualification and experience;
(c) total number of current employees;

(d) list of major clientele;

(e) documents showing relevant experience in electronic monitoring, tracking and tracing of tobacco products, beverages, medicines, petroleum or any other goods;

(f) complete history of activities undertaken and synopsis of the projects done;

(g) current commitments and status of in-hand projects;

(h) incorporation certificate under the Companies Act, 2017 (XIX of 2017), and in case of consortium at least one member has such incorporation certificate;

(i) National Tax Number (NTN) certificate;

(j) audited accounts of the last three financial years;

(k) income tax returns for the last three years;

(l) registration with Sales Tax Department, if required;

(m) computerized National Identity Cards (CNICs) of directors of the incorporated company; and

(n) undertaking that the company has never been blacklisted by any Government or private department or organization and has not been involved in confirmed cases of fiscal fraud.

(3) The applicant shall also declare the fee and charges that it intends to collect from manufacturers or importers of specified goods during the licence period.

150ZL. Criteria for grant of a licence.- (1) The applicant shall be required to provide technological solutions for the high security tax stamps and related electronic monitoring and tracking system tailored for Pakistani needs on real time basis.

(2) The applicant shall possess the following qualifications to be considered for issuance of licence, namely:-

(a) it shall be a company duly incorporated under the Companies Act, 2017 (XIX of 2017);

(b) it shall have experience and past performance in electronic monitoring, tracking and tracing of tobacco products, beverages, medicines, petroleum etc preferably in multiple countries;

(c) it shall be in a financial position to undertake the project – minimum annual turnover of US$ 50 million in any of last three years or financial worth of US$ 25 million; and

(d) it shall have appropriate managerial capacity to execute and run the project.

(3) The system based solution offered by the applicant must have the following features, namely:-

(a) individually coded stamps to be affixed or applied on each package of the specified goods on the manufacturing lines or at importing station, as the case may be.

(b) the stamps shall be associated to every specific brand of a manufacturer;

(c) system shall provide for management of the workflow from the requirement or order of the manufacturer to the dispatch, reception and ultimately, application or affixation of tax stamps and activation of codes;

(d) the system shall allow the Board or the concerned field offices to monitor the production workflow and activities on a continuous basis;

(e) the system shall also provide all necessary functionalities in order to organize and monitor the activity of the controllers and generate requisite reports;

(f) mobile control devices or equivalent smart phones for officers of the Board to check the authenticity and trace the stamps on the units of tobacco products in the field;

(g) serialized secure stamps on tobacco products;

(h) a system providing at the production stage for the association of the stamps with a product defined by its SKU (Stock Keeping Unit);

(i) data analysis and communication results thereof to central control room (CCR) and regional control room (RCR);

(j) reporting of unauthorized stoppages (include stoppages which cannot be reasonably excused by the relevant officers of the Board or as elaborated by the concerned Commissioner through a public notice) of production;

(k) must be stable, fault-tolerant, secure and accessible only by authorized username and password as authorized by the Board;

(l) necessary computers and data activation capturing devices on the production lines of manufacturer;

(m) this system shall provide that the information given below shall be securely transferred to the data warehouse of Board;

(n) information regarding spoiled, lost, unused, stolen and fake tax stamps and reconciliation; and

(o) The Track and trace system should include following control functionalities at several level, namely:–

(i) advanced authentication of all the different profiles on the system (login and password);

(ii) control of activation in the manufacturing plants; and

(iii) control of controller activity and planning of inspection tours.

(4) The system based solution offered by the applicant shall be able to perform the following functions, namely:-

(a) monitoring capability on real-time basis of a minimum 50 factory premises or production lines;

(b) tracing and tracking of specified goods throughout the country from factory premises to retail level on real time basis;

(c) the ability to configure the tracking unit remotely;

(d) the system must be capable of sending alert messages and trigger alarms (visible and audible) in case of occurrence of abnormal events such as unauthorized stoppages of production, tempering with stamping machines etc.

(e) in case of absence of communication network coverage the tracking unit of the system must be able to switch over to another network so as to ensure real time tracking without interruption or break;

(f) the system reporting should be capable to filter and process the production data for statistical and analytical purposes;

(g) the licensee should ensure secure data storage and archiving of data for five years from its generation or recording;

(h) ability to use authentication devices, or equivalent smart phones etc. for reading data at various sites;

(i) ability to assign Unique Identification Number (UIN) which should contain Complete information about tracking unit including production date, brand name, machine number, location etc.; and

(j) all electronic data interface (EDI) communication should be encrypted to ensure secure communications.

(5) The applicant shall also submit a complete list of operations and maintenance required to operate the system based solution.

(6) The applicant shall specify the expected delivery and implementation time, which shall not exceed six months from the date of issuance of license. The applicant shall also undertake to meet these timelines.

150ZM. Procedure for grant of a licence.- (1) On receipt of an application for grant of licence in the Board, the licensing committee shall evaluate it.

(2) The licensing committee may also fix a date for a hearing to be attended by the applicant for the purposes of evaluation of the application submitted under sub-rule (1).

(3) The licensing committee may also carry out visits and physical inspections to ascertain eligibility of the applicant for licensing under these rules.

(4) The applicant shall be required to give practical demonstration of the technological solution offered for licensing.

(5) The licensing committee shall send its recommendations to the Board within thirty days from the date of submission of the application. It shall give detailed reasons for recommending rejection of any application under these rules:

Provided that where complete documents or any information needed for the requisite evaluation have not been provided within fifteen days of the requisition or within thirty days of the submission of application, whichever is later, the application shall be summarily rejected.

(6) In case a company meets the technical and financial criteria given in these rules, the licensing committee shall recommend to the Board for grant of licence to such a company.

(7) The Board may grant licence to the recommended company.

(8) The qualified company shall be required to deposit bank guarantee for rupees fifty million to the licensing committee, as financial security, before issuance of the licence. The bank guarantee shall be valid for whole duration of the licence and shall be encashable in case of violation of these rules or terms of licence leading to loss of government revenue.

150ZN. Rights granted to the licensee.- A licensee shall have the right to establish, maintain and operate a system to monitor and track the cargo on real time basis, in accordance with terms and conditions of the licence.

150ZO. Terms and conditions of the licence.- (1) Subject to these rules, licence shall be granted for a period of five years.

(2) The licence granted under these rules shall be subject to the provisions of the Act.

(3) The licence granted under these rules shall be non-transferrable and shall not be allowed to be used by any sub-contractor.

150ZP. Renewal of the licence.- (1) An application for renewal of license shall be made to the Board, three months before its expiry.

(2) The licensing committee shall evaluate the application and may recommend to the Board renewal of licence.

(3) The Board may renew the licence for further three years on the basis of recommendations of the licensing authority.

(4) The licensee shall be required to comply with all the provisions of these rules for the renewed period.

SUB-CHAPTER 3
RESPONSIBILITIES OF THE LICENSEE

150ZQ. Licensee to run and manage the system.- (1) The licensee shall be responsible to operationalize the system within six months of issuance of licence.

(2) The licensee shall run and manage the system under proper warrantee and shall ensure maintenance during the period of licence.

(3) The licensee shall abide by all relevant laws while running the system.

150ZQA. Establishment of Central Control Room.- (1) The Board shall design, furnish and establish a central control room (CCR) in the FBR House, Islamabad or in any other control room designated by the Board.

(2) The CCR shall be equipped with hardware, software, plasma screens, LCDs, communication and other allied equipment for viewing, analyzing the movements of goods and responding in cases of alerts.

(3) The CCR shall have necessary servers and data storage facilities to store and manage data bases for the specified goods monitored daily, with report printing capabilities.

(4) The operators at the CCR shall be able to transfer the map or any section of it to any monitor or licensee connected to the system based on pre-assigned priorities.

150ZQB. Establishment of regional control rooms.- (1) The licensee shall design, furnish and establish regional control rooms (RCR) in various field formations or in any other places designated by the Board.

(2) The RCRs shall be connected with the CCR and equipped with the requisite infrastructure for monitoring the movement of goods and vehicles and for responding in cases of alerts.

150ZQC. Requirements to be met at the factory premises and at imports.- (1) The licensee shall ensure that each factory premises and import station is connected to the system with adequate IT infrastructure for monitoring of production and generation of periodic report.

(2) The licensee shall arrange testing for all stamping equipment and tracking devices at each production sites.

(3) The licensee shall provide and maintain authentication devices, printers, UPS, etc. for smooth operation of the system.

(4) The system shall be expandable to cover future requirements of the Board.

150ZQD. Technical and training support.- (1) The licensee shall provide the technical support, as detailed below:-

(a) setting up and maintenance of all information technology (IT) infrastructure, wherever needed, for the purposes of these rules; and

(b) the licensee shall be fully responsible for-

(i) all upgrades of the system, hardware and software;

(ii) all bug fixes; and

(iii) immediate response and repair of any technical problem in the system during holidays or working days to cover the major, minor and moderate problems for uninterrupted working of the system.

(2) The licensee shall undertake to upgrade, as per the new technological requirement, the installed IT structure, related software, communication equipment etc., as and when required.

(3) The licensee shall arrange to provide comprehensive technical and operational training to the IR officers and officials and other concerned officials and ensure provision of all documentation and technical manuals, wherever and whenever required.

(4) Quarterly appraisal reviews of functioning and efficacy of the system shall be carried out for which the licensee shall make necessary arrangements.

SUB-CHAPTER 4
SUPERVISION OF THE SYSTEM, ENFORCEMENT AND EARLY TERMINATION

150ZQE. Responsibilities of the Project Director.- (1) The Project Director shall be responsible for overall supervision of the system.

(2) The Project Director shall send quarterly performance reports to the Board covering *inter alia* the functioning and efficacy of the system, the scope and need of improvements observed in the system and the steps taken to address problems encountered during operation of the system.

150ZQF. Procedure for cancellation or termination of licence.- (1) The Project Director shall immediately refer the matter to the licensing committee for further action under these rules, if he, as a result of supervision of the system or on receipt of a report from any of the Commissioners of Inland Revenue or on a valid complaint, has reasons to believe that the licensee has-

(a) failed to set up the infrastructure and to operationalize the system within the timelines committed at the time of issuance of licence;
(b) failed to provide the required services to the satisfaction of the Board authorities;
(c) contravened any condition of the licence;
(d) contravened any provision of these rules or the Act; or
(e) violated any applicable law while carrying out activities of licence under these rules.

(2) On receipt of reference from the Project Director under sub-rule (1), the licensing committee shall cause to serve a notice upon the licensee within fifteen days of receipt of reference, to show cause within thirty days after the date of the notice, as to why the licence issued under these rules should not be cancelled or terminated:

Provided that in cases where the Licensing Authority, on the basis of material evidence, is of the opinion that there exits *prima facie* a sufficient case against the licensee, it may suspend the licence to safeguard public finances and to prevent any other serious damage.

(3) The licensing committee may, after giving the licensee adequate opportunity of being heard and after examination of the record, cancel or terminate the licence issued under these rules.

(4) In case of cancellation of licence under these rules, the affected company shall have the right to file representation against the orders of the licensing committee before the Board.

(5) The Board shall decide the representation, after giving proper opportunity of being heard.

SUB-CHAPTER 5
FEE AND CHARGES

150ZQG. Fee and charges.- (1) The licensee shall charge fee for tax stamps from the manufacturer or importer.

(2) No fee whatsoever shall be charged from any of the field formations or the Board.

150ZQH. Determination of fee and charges.- (1) The licensing committee shall at the time of issuance of licence get the maximum amount of fee and charges determined which can be collected by the licensee from importers or manufacturers of the specified goods during the duration of the licence.

(2) The Project Director shall notify these fee and charges through a public notice for information of all the relevant persons.

(3) The Project Director shall ensure that only the fee and charges determined by the licensing authority are being collected by the licensee.

150ZQI. Revision or alteration of fee and charges.- (1) The fee and charges determined in accordance with rule 150ZQH shall not be revised or altered in normal circumstances during the duration of the license.

(2) In cases where the basis of such determination has undergone significant and material change or where major economic disruption has occurred, the licensee may file a petition before the licensing committee accordingly to revise or alter the determined fee or charges.

(3) The licensing committee may in circumstances mentioned in sub-rule (2) allow review or alteration in such fee and charges:

Provided that in case where petition has been filed for upward revision or alteration of fee and charges, the representatives of importers and manufacturers of manufacturers shall be given an opportunity to present their point of view during the proceedings.

(4) The licensee may in case where the petition for upward revision or alteration of the fee and charges has been rejected shall have the option to request the licensing committee for cancellation of the licence issued under these rules.

(5) The licensing committee shall, on receipt of such a request under sub-rule (4), cancel the licence forthwith.

SUB-CHAPTER 6
FUNCTIONS AND RESPONSIBILITIES OF OTHERS

150ZQJ. Functions and responsibilities of the manufacturer or importer of specified goods.– (1) The manufacturer or importer of specified goods shall-

(a) make all production facilities available for installation of the system and allow access to the licensee for routine operations, inspection and maintenance;

(b) not supply any goods without routing them through the system and without affixation of tax stamps;

(c) be responsible to pay the prescribed fee as provided in this Chapter;

(d) require a licensee to provide the requisite quantities of tax stamps, banderoles, stickers, labels, barcodes etc. at least thirty days in advance, under intimation to the Board;

(e) be responsible for smooth functioning, protection and security of the system;

(f) report to the Board and concerned Commissioner Inland Revenue within twenty-four hours of any operational failure, damage, disruption or tampering of the system:

Provided that any damage to the system found to be due to carelessness, negligence or deliberate action of the manufacturer shall be repaired at the expense of the manufacturer, without prejudice to any legal action that may be taken for recovery of evaded tax and imposition of penalty;

(g) maintain proper inventory of the tax stamps, banderoles, stickers, labels, barcodes etc.;

(h) not print over, hide or deface a tax stamp, banderole, sticker, label, barcodes etc. affixed on a package;

(i) allow unhindered access to the licensee and officer of Inland Revenue, authorized in this behalf;

(j) give a notice to the Board, at least thirty days in advance, from the date of start of production of new brands of goods, any change in the graphic art of existing goods together with the corresponding packages and labels or closure, expansion, modification or any other changes in the production line;

(k) return, under intimation to the Commissioner concerned, any tax stamps, banderoles, stickers, labels, barcodes etc. to the licensee in case the manufacturing is stopped, import is not made or the tax stamps, banderole, stickers, labels, etc. are defective or do not conform to the required specifications;

(l) make available the damaged tax stamps, banderoles, stickers, labels, barcodes etc. for inspection by the officer authorized by Commissioner Inland Revenue;

(m) report any inoperative production lines within twenty-four hours of occurrence to the concerned Commissioner Inland Revenue and the officer authorized by Commissioner Inland Revenue shall immediately proceed to secure such lines using a security seal and register the action in the system; and

(n) production lines sealed as aforesaid shall not be de-sealed to resume operation except with the permission of the Commissioner Inland Revenue.

150ZQK. Functions of the Commissioner Inland Revenue- (1) The Commissioner, having jurisdiction, shall monitor proper and uninterrupted operation of the system through periodic visits by an officer of Inland Revenue authorized in this behalf.

(2) Where a manufacturer or importer cannot account for the tax stamps, banderoles, stickers, labels, barcodes etc. issued to him by the licensee, the officer authorized by Commissioner Inland Revenue shall compute duties and taxes on the goods related to the unaccounted tax stamps, banderoles, stickers, labels, barcodes etc. and recover the same under the law.

150ZQL. Responsibility of persons involved in the supply chain.- A distributor, wholesaler, dealer, retailer or any other person involved in the supply chain of specified goods, shall verify the tax stamps, banderoles, stickers, labels, barcodes etc. affixed on the specified goods before taking any supply.

SUB-CHAPTER 6
MISCELLANEOUS

150ZQM. Liabilities of the licensee.- (1) Without prejudice to the action that can be taken under Chapter IV of these rules, the licensee shall be liable to punitive action under the Act and rules made thereunder, in cases of its willful collusion with the importer or manufacturer for violation or contravention of any of such provision.

(2) The licensee shall also be liable to deposit duty and taxes along with surcharges and penalties under the Act and the relevant rules, where it is established through proceedings under the Act, after providing an opportunity of being heard, that the licensee has colluded with manufacturer resulting in evasion of duty and taxes.

150ZQN. Establishment of Inland Revenue enforcement network.- The Board shall establish Inland Revenue enforcement network (IREN) which shall be responsible for combating evasion and leakages of taxes and duties payable on specified goods, which shall co-ordinate with enforcement units of the concerned field formations.

150ZQO. Functioning of IR enforcement network.- To check and verify any of the eventualities, the enforcement squads of IR shall patrol the designated routes on which specified goods are moving. The mobile squads may check a vehicle or any place of storage, wherein reportedly such specified goods are being transported, stored or kept, as the case may be, on which tax stamps have not been affixed under these rules.

150ZQP. Audit.- The Project Director shall arrange to carry out audit of the system every year. The report shall be used for system related improvements and corrective and remedial actions, where warranted.

[C. No 1/102-STB/2015 (Pt-2)]

(Tauqeer Ahmed)
Secretary (ST&FE-Budget)

Annex-8

APPLICATIONS OPENING CHECKLISTS WITH REFERENCE TO

Rule150ZK OF LICENSING RULES, 2019

Name of Applicant: _____

S.No.	Checklist/documents required	Yes	No	Page No.
1.	A comprehensive profile of the company or partners or members in consortium;			
2.	Brief about managerial and technical personnel indicating name, position, qualification and experience;			
3.	Total number of current employees;			
4.	List of major clientele;			
5.	Documents showing relevant experience in electronic monitoring, tracking and tracing of tobacco products, beverages, medicines, petroleum or any other goods;			
6.	Complete history of activities undertaken and synopsis of the projects done;			
7.	Current commitments and status of in-hand projects;			
8.	Incorporation certificate under the Companies Act, 2017 (XIX of 20 17), and in case of consortium at least one member has such incorporation certificate;			
9.	National Tax Number (NTN) certificate (by FBR);			
10.	Audited accounts of the last three financial years of the applicant and his partners;			
11.	Income tax returns for the last three years of applicant and his JV/Consortium partners;			
12.	Registration with Sales Tax Department, if required;			
13.	Computerized National Identity Cards (CNICs) of directors of the incorporated company by NADRA;			
14.	Undertaking that the company has never been blacklisted by any Government or private department or organization and has not been involved in confirmed cases of fiscal fraud.			
15.	Twenty thousand (20,000) samples of tax stamps			
16.	Annex 1 - Applicant Information Sheet			
17.	Annex 2 - Additional Technical Requirements of the System.			
18.	Annex 3 - Local Partner Information Sheet/JV Agreement			
19.	Annex 4 - Applicant Compliance Assessment Sheet			
20.	Annex 5 - Bidding Process & Evaluation Criteria			
21.	Annex 6 - Price Schedule			

Applicant Signature: _____